

EXHIBIT K

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22.11.2004 Ukraine, Kiev. President of Ukraine Leonid Kuchma.

Photo: Sergey Mikhnev

Leonid Kuchma's Mobile Connections Arrested in Germany

As it became known yesterday, the law-enforcements of Austria and Germany arrested the accounts of Swiss company E.C. Venture Capital S.A., which belong to Russian politician and businessman Vladimir Kishenin. The courts of both countries ordered "to freeze" \$160 million that was received from the sale of 23.8 percent of the stocks of Ukrainian company Storm. This company owns 47.5 percent of Kievstar - a mobile connections operator. The experts attribute the arrest of the accounts of E.C. Venture Capital to the redistribution of assets. This redistribution started in Ukraine after the "orange revolution." The market participants remind that the family members of former Ukrainian president Leonid Kuchma are co-owners of the Storm.

Kievstar (trade mark Kyivstar GSM) is second largest Ukrainian operator of the cell connections. It services about 9.8 million of subscribers. The Kievstar's network covers 92 percent of Ukrainian territory.

Total sales of Kievstar in 2004 were \$640.7 million. Norwegian operator Telenor owns 56.6 percent of Kievstar and Storm owns 43.5 percent. In 2004 holding company Alfa-Telekom became a single owner of the Storm after purchasing 49.9 percent of stocks from the minority shareholders. Another 50.1 percent was purchased by Alfa-Telekom already in the summer of 2002.

Yesterday the representatives of National Central Bureau of Interpol of Ukraine announced that the law-enforcement organs of Austria and Germany arrested \$160 million that belong to the Swiss company E.C. Venture Capital S.A. Kirill Kulikov, head of the Ukrainian Interpol office said that these accounts belong to the "off-shore company owned by Russian citizen Vladimir Kishenin." Kulikov also said that \$120 million was seized in Austria and \$49 million - in Germany. According to the head of the Ukrainian Interpol, the law-enforcements of Austria and Germany got interested in the ownership of the accounts and the funds movements in there. However, Kulikov did not give any further details.

Austrian law-enforcements confirmed yesterday the fact of the arrest of the E. C. Venture Capital accounts.

Brigadier Gerhard Lang, which represents Federal Department of Austrian Criminal Police, told *Kommersant* that Land Court of Vienna issued the arrest warrant.

The market participants think that authorities arrested the assets received by E. C. Venture Capital after the sale of 23.8 percent of Storm' stocks to Alfa-Group. In 2004, when the stocks were sold, the owner of the E. C. Venture Capital was Vladimir Kishenin.

Vladimir Kishenin was born in 1955. He graduated from the Military-Technical College of Bagration and Leningrad's Academy of Communications of Budenny. In 1996 he organized industrial group Lanrusinvest. In 1999 and 2003 he was running for Duma from the Vyazemsky District (Smolensk Region). In July of 2003 he headed Party of Social Justice, which was participating in 2003 December elections to Duma in one bloc with Russian Party of the Pensioners (the bloc gathered 3.2 percent of the votes). In September 2004 he was elected as the Chairman of Social Democratic Party of Russia.

According to the sources, who are close to the deal, Alfa also purchased 16.9 percent of Storm' stocks from American Euroquest Commerce and 9 percent – from Cyprus off-shore company Mobile telecom Finance LLC (the names of the owners were not disclosed). As a result, the Alfa' share in the Storm grew from 50.1 percent to 100 percent.

Yesterday Kishenin was not available for comments. The representatives of the Alfa-Telekom and Kievstar refused to give any comments. However, the market participants think that the arrest of the E. C. Venture Capital accounts could be connected with redistribution of the assets, which started in Ukraine after the "orange revolution", especially after the expropriation of assets from Leonid Kuchma family members. The Kievstar and Storm started their business in 1997, when Storm purchased a license GSM-900 for Ukraine. Soon, Kievstar started to provide the services within the license agreement. Earlier, Kishenin was insisting that he was directly participating in the Kievstar business development. However, he rejected any connections with the surrounding of former president Kuchma. The market participants think differently about it. For instance, they say, the ex-president's family had a direct involvement with Kievstar. The wife of Yuri Tumanov, distant relative of Kuchma, owned less than 1 percent of the company stock before the sale to Alfa. And Elena Franchuk, daughter of the former president, was working in Kievstar as the company's Marketing Director from the very beginning and until 2004.

"The Storm was owned by the structure directly affiliated with Kuchma. It is a known fact," Alexei Yakovitsky, analyst with UFG, said. "For that reason, it is possible to connect arrest of \$160 million with a total reconsideration of the results of Kuchma's administration actions."

According to Yakovitsky, the actions of law-enforcement organs of Ukraine, Germany and Austria would doubtfully touch the interests of the Storm's current owner – Alfa-Group. "The actions of the current administrations are directed against internal conflicts within the Ukraine. Most likely, it will not touch Alfa," Yakovitsky thinks.

by Viktor Khilko

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